



TOKOLOGO LOCAL MUNICIPALITY BUDGET NARRATIONS 2017/2018

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1.1 MAYOR'S REPORT

BUDGET SPEECH

BY:

HONOURABLE MAYOR B. E SEAKGE

Date: 31 May 2017

MAYOR OPENING REMARKS

Greetings

We are once again approaching the end of the financial year where in terms of the Municipal Finance Management Act we are required to table and approve the budget for the 2017/18 financial year. It was indeed a challenging year in which we had to make do with very limited resources. Notwithstanding, we pride ourselves in that through these circumstances, we ensured that basic services are delivered as far as it is possible to our people.

Though we acknowledge that there are huge challenges still lying ahead, these are indeed exciting times in local government as we prepare the first IDP and Budget of the newly appointed Council. These documents forms the basis and paves the way for the upcoming 5 year term of the new Council in ensuring delivery of services to our people as we tackle the triple challenges of poverty, unemployment and inequality. However, we recognize that this budget is prepared under stringent economic conditions and thus great caution must be undertaken to ensure that a credible budget is prepared and that budget of the municipality is responsive to the needs of the community which we serve.

Total Budget 161m

Total Revenue 89m

Total Expenditure 89m

Total Capital expenditure 72m

During his 2017 state of the nation address, President Jacob Zuma emphasized, amongst others, the need to unlock the potential of SMME's, Cooperatives, township and rural enterprises so they can be able to contribute into the mainstream economic growth and in the process create much needed jobs especially in our area. With this budget, though limited, we hope to fully support these enterprises.

With these remarks, I herewith present the Annual Budget for the 2017/18 financial year and measures to be undertaken by the municipality to ensure enhanced and sustainable service delivery.

1.2 RESOLUTIONS

TLM SC 31/03/2017 (1)

Tabling of the Draft Annual budget: Draft Annual budget 2017/2018

Resolved that the Annual budget for the year 2017/2018 financial year be noted

Background

Section 16 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

16. Annual budgets

- (1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Section 24 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

24. Approval of annual budgets

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury

OPERATIONAL BUDGET

The Accounting officer and the chief financial Officer submitted operational budget to council amounting to:

Income:	R 89 982 000
Expenditure:	<u>R 89 979 000</u>
Surplus	R 3 000
Non-cash Items	<u>R 2 500 000</u>
Surplus	<u>R 2 503 000</u>

Resolved that council note the operational draft budget for 2017/2018 financial year as submitted

CAPITAL BUDGET

A capital budget to the amount of R 72 930 450 is submitted.

Budget is financed as follows:

Regional Bulk:	R 45 000 000
MIG	R 15 930 450
INEP	<u>R 11 000 000</u>
	<u>R 71 930 450</u>

Resolved that council approve the Capital budget for 2017/2018 financial year as submitted

1.3 EXECUTIVE SUMMARY

Overview

Tokologo local Municipality budgeted process started in August 2016 when the council approved budget timelines as required by legislation.

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality’s integrated development plan; and

(v) approving any changes to the municipality’s budget-related policies.”

1.4 BUDGET TABLES

1.4.1 Budget Summary

FS182 Tokologo - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	4 904	5 183	5 473
Service charges	-	-	-	-	-	-	-	25 446	26 912	28 403
Investment revenue	-	-	-	-	-	-	-	560	592	625
Transfers recognised - operational	-	-	-	-	-	-	-	48 013	52 284	55 883
Other own revenue	-	-	-	-	-	-	-	11 059	11 690	12 344
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	89 982	96 661	102 728
Employee costs	-	-	-	-	-	-	-	38 381	40 568	42 840
Remuneration of councillors	-	-	-	-	-	-	-	2 662	2 814	2 971
Depreciation & asset impairment	-	-	-	-	-	-	-	1 239	1 310	1 383
Finance charges	-	-	-	-	-	-	-	400	423	446
Materials and bulk purchases	-	-	-	-	-	-	-	32 151	33 983	35 886
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	15 147	15 630	16 505
Total Expenditure	-	-	-	-	-	-	-	89 979	94 727	100 032
Surplus/(Deficit)	-	-	-	-	-	-	-	3	1 933	2 696
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	71 932	60 626	76 357
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	71 935	62 559	79 054
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	71 935	62 559	79 054
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	72 432	60 626	76 357
Transfers recognised - capital	-	-	-	-	-	-	-	71 932	60 626	76 357
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	500	-	-
Total sources of capital funds	-	-	-	-	-	-	-	72 432	60 626	76 357
Financial position										
Total current assets	-	-	-	-	-	-	-	26 611	28 128	29 703
Total non current assets	-	-	-	-	-	-	-	575 010	607 785	641 821
Total current liabilities	-	-	-	-	-	-	-	21 304	22 519	23 780
Total non current liabilities	-	-	-	-	-	-	-	20 570	21 743	22 960
Community wealth/Equity	-	-	-	-	-	-	-	549 046	580 342	612 841
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	55 222	44 474	59 996
Net cash from (used) investing	-	-	-	-	-	-	-	(72 932)	(60 626)	(76 357)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	(17 711)	(33 863)	(50 224)
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	810	856	904
Application of cash and investments	-	-	-	-	-	-	-	753	817	841
Balance - surplus (shortfall)	-	-	-	-	-	-	-	56	39	63
Asset management										
Asset register summary (WCV)	-	-	-	-	-	-	644 472	644 472	708 862	764 684
Depreciation	-	-	-	-	-	-	1 239	1 239	1 308	1 383
Renewal of Existing Assets	-	-	-	-	-	-	-	8 746	1 077	822
Repairs and Maintenance	-	-	-	-	-	-	3 701	3 701	3 908	4 130
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	15 134	15 134	15 981	16 892
Revenue cost of free services provided	-	-	-	-	-	-	603	603	637	673
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	3	3	3	3
Energy:	-	-	-	-	-	-	1	1	1	1
Refuse:	-	-	-	-	-	-	5	5	5	5

1.4.2 Budget Financial Performance (Revenue and Expenditure by Standard Classification)

FS182 Tokologo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	34 140	35 734	37 736
Executive and council		-	-	-	-	-	-	10 300	10 687	11 496
Finance and administration		-	-	-	-	-	-	22 591	23 527	24 845
Internal audit		-	-	-	-	-	-	1 249	1 320	1 394
<i>Community and public safety</i>		-	-	-	-	-	-	8 821	9 323	9 848
Community and social services		-	-	-	-	-	-	1 160	1 226	1 294
Sport and recreation		-	-	-	-	-	-	7 661	8 098	8 551
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	16 660	17 609	18 595
Planning and development		-	-	-	-	-	-	5 627	5 947	6 281
Road transport		-	-	-	-	-	-	11 033	11 662	12 315
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	102 294	108 125	114 180
Energy sources		-	-	-	-	-	-	35 547	37 573	39 677
Water management		-	-	-	-	-	-	49 472	52 292	55 221
Waste water management		-	-	-	-	-	-	10 262	10 847	11 454
Waste management		-	-	-	-	-	-	7 013	7 413	7 828
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	181 914	179 792	180 357
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	34 423	36 386	38 423
Executive and council		-	-	-	-	-	-	10 300	10 687	11 496
Finance and administration		-	-	-	-	-	-	22 875	24 178	25 532
Internal audit		-	-	-	-	-	-	1 249	1 320	1 394
<i>Community and public safety</i>		-	-	-	-	-	-	1 777	1 878	1 983
Community and social services		-	-	-	-	-	-	1 205	1 273	1 345
Sport and recreation		-	-	-	-	-	-	572	604	638
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	8 587	9 077	9 585
Planning and development		-	-	-	-	-	-	5 627	5 947	6 281
Road transport		-	-	-	-	-	-	2 960	3 129	3 304
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	45 182	47 768	50 443
Energy sources		-	-	-	-	-	-	31 223	33 003	34 851
Water management		-	-	-	-	-	-	3 537	3 738	3 948
Waste water management		-	-	-	-	-	-	6 116	6 465	6 827
Waste management		-	-	-	-	-	-	4 318	4 562	4 817
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	89 979	95 108	100 434
Surplus/(Deficit) for the year		-	-	-	-	-	-	71 935	75 684	79 923

1.4.3 Financial Performance (revenue and expenditure by municipal vote)

FS182 Tokologo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year *1 2018/19	Budget Year *2 2019/20
Revenue by Vote	1									
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	5 617	5 938	6 270
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	6 490	6 860	7 244
Vote 3 - [FINANCIAL SERVICES]		-	-	-	-	-	-	8 243	6 768	8 056
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	6 963	7 360	7 772
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	13 835	6 570	8 735
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	14 311	15 841	24 347
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	35 547	28 889	35 283
Vote 9 - [WATER]		-	-	-	-	-	-	50 604	53 489	56 484
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	13 111	13 859	14 635
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	9 191	9 715	10 259
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	161 914	157 286	179 088
Expenditure by Vote to be appropriated	1									
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	6 665	7 045	7 440
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	6 963	19 839	20 949
Vote 3 - [FINANCIAL SERVICES]		-	-	-	-	-	-	8 789	9 366	9 890
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	1 967	2 080	2 196
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	7 531	7 961	8 407
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	6 441	6 808	7 189
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	31 550	20 319	21 457
Vote 9 - [WATER]		-	-	-	-	-	-	4 843	5 119	5 406
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	7 536	8 061	8 512
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	7 692	8 130	8 585
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	89 979	94 727	100 032
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	71 935	62 559	79 053

1.4.4 Financial Performance (Revenue and Expenditure)

FS182 Tokologo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	4 904	5 183	5 473
Service charges - electricity revenue	2	-	-	-	-	-	-	-	12 788	13 497	14 252
Service charges - water revenue	2	-	-	-	-	-	-	-	2 027	2 144	2 263
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	6 292	6 657	7 023
Service charges - refuse revenue	2	-	-	-	-	-	-	-	4 359	4 612	4 866
Service charges - other											
Rental of facilities and equipment									626	662	699
Interest earned - external investments									560	592	625
Interest earned - outstanding debtors									10 071	10 645	11 241
Dividends received									2	2	2
Fines, penalties and forfeits									64	67	71
Licences and permits									-	-	-
Agency services											
Transfers and subsidies									48 013	52 284	55 883
Other revenue	2	-	-	-	-	-	-	-	297	314	331
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)									89 982	96 661	102 728
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	36 381	40 568	42 840
Remuneration of councillors									2 662	2 814	2 971
Debt impairment	3								989	1 045	1 104
Depreciation & asset impairment	2	-	-	-	-	-	-	-	1 239	1 310	1 383
Finance charges									400	423	446
Bulk purchases	2	-	-	-	-	-	-	-	28 450	30 072	31 756
Other materials	8	-	-	-	-	-	-	-	3 761	3 911	4 130
Contracted services		-	-	-	-	-	-	-	2 886	2 670	2 820
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	11 272	11 915	12 582
Loss on disposal of PPE											
Total Expenditure									89 979	94 727	100 032
Surplus/(Deficit)									3	1 933	2 696
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									71 932	60 626	76 357
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions									71 935	62 559	79 054
Taxation											
Surplus/(Deficit) after taxation									71 935	62 559	79 054
Attributable to minorities											
Surplus/(Deficit) attributable to municipality									71 935	62 559	79 054
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year									71 935	62 559	79 054

1.4.5 Capital Expenditure

FS182 Tokologo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [FINANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	6 746	1 077	822
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	-	7 313	8 443	16 535
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	-	11 000	4 000	9 000
Vote 9 - [WATER]		-	-	-	-	-	-	-	46 873	47 106	50 000
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	71 932	60 626	76 357
Single-year expenditure to be appropriated	2										
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	500	-	-
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [FINANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [WATER]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	500	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	72 432	60 626	76 357
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	500	-	-
Executive and council									500	-	-
Finance and administration											
Internal audit											
Community and public safety		-	-	-	-	-	-	-	6 746	1 077	822
Community and social services											
Sport and recreation									6 746	1 077	822
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	-	-	-	-	7 313	8 443	16 535
Planning and development											
Road transport									7 313	8 443	16 535
Environmental protection											
Trading services		-	-	-	-	-	-	-	57 873	51 106	59 000
Energy sources									11 000	4 000	9 000
Water management									46 873	47 106	50 000
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	72 432	60 626	76 357
Funded by:											
National Government									71 932	60 626	76 357
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	71 932	60 626	76 357
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									500		
Total Capital Funding	7	-	-	-	-	-	-	-	72 432	60 626	76 357

1.4.6 Financial Position

FS182 Tokologo - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									424	448	473
Call investment deposits	1	-	-	-	-	-	-	-	230	243	257
Consumer debtors	1	-	-	-	-	-	-	-	22 043	23 299	24 604
Other debtors									3 861	4 081	4 309
Current portion of long-term receivables									29	31	32
Inventory	2								25	26	28
Total current assets		-	-	-	-	-	-	-	26 611	28 128	29 703
Non current assets											
Long-term receivables											
Investments									156	165	174
Investment property									30 016	31 726	33 503
Investment in Associate											
Property plant and equipment	3	-	-	-	-	-	-	-	542 726	573 681	605 788
Agricultural											
Biological									2 112	2 233	2 358
Intangible											
Other non-current assets											
Total non current assets		-	-	-	-	-	-	-	575 810	607 785	641 821
TOTAL ASSETS		-	-	-	-	-	-	-	601 621	635 914	671 525
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-			
Consumer deposits									501	529	559
Trade and other payables	4	-	-	-	-	-	-	-	15 357	16 233	17 142
Provisions									5 446	5 757	6 079
Total current liabilities		-	-	-	-	-	-	-	21 304	22 519	23 780
Non current liabilities											
Borrowing									690	730	771
Provisions									19 880	21 013	22 190
Total non current liabilities		-	-	-	-	-	-	-	20 570	21 743	22 960
TOTAL LIABILITIES		-	-	-	-	-	-	-	41 875	44 261	46 740
NET ASSETS	5	-	-	-	-	-	-	-	559 746	591 652	624 785
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									549 046	580 342	612 841
Reserves	4	-	-	-	-	-	-	-			
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	549 046	580 342	612 841

1.4.7 Cash Flow

FS182 Tokologo - Table A7 Budgeted Cash Flows

FS 162 Tokodogo - Table A/ Budgeted Cash Flows											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									3 610	3 812	4 029
Service charges									18 462	19 496	20 607
Other revenue									1 272	1 343	1 420
Government - operating	1								48 013	52 284	55 883
Government - capital	1								71 932	60 626	76 357
Interest									461	487	515
Dividends									-	-	-
Payments											
Suppliers and employees									(88 129)	(93 152)	(98 369)
Finance charges									(400)	(423)	(446)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	55 222	44 474	59 996
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(72 932)	(60 626)	(76 357)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(72 932)	(60 626)	(76 357)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	(17 711)	(16 152)	(16 361)
Cash/cash equivalents at the year begin:	2								-	(17 711)	(33 863)
Cash/cash equivalents at the year end:	2								(17 711)	(33 863)	(50 224)

1.4.8 Cash backed reserves

FS182 Tokologo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	(17 711)	(33 863)	(50 224)
Other current investments > 90 days		-	-	-	-	-	-	-	18 365	34 554	50 954
Non current assets - investments	1	-	-	-	-	-	-	-	156	165	174
Cash and investments available:		-	-	-	-	-	-	-	810	856	904
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	753	817	841
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	-	-	753	817	841
Surplus(shortfall)		-	-	-	-	-	-	-	56	39	63

1.4.9 Asset Management

FS182 Tokologo - Table A9 Asset Management

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE											
Total New Assets											
	Roads Infrastructure	1	-	-	-	-	-	-	58 373	51 106	58 000
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	11 000	4 000	9 000
	Water Supply Infrastructure		-	-	-	-	-	-	46 873	47 106	50 000
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	57 873	51 106	58 000
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	500	-	-
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets											
	Roads Infrastructure	2	-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	-	-	-
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-

Intangible Assets	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	14 059	9 320	17 357
Roads Infrastructure	-	-	-	-	-	7 313	8 443	16 535
Storm water Infrastructure	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	7 313	8 443	16 535
Community Facilities	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	6 746	1 077	822
Community Assets	-	-	-	-	-	8 746	1 077	822
Heritage Assets	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	7 313	8 443	16 535
Roads Infrastructure	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	11 000	4 000	9 000
Electrical Infrastructure	-	-	-	-	-	46 873	47 106	50 000
Water Supply Infrastructure	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	65 786	59 549	75 535
Community Facilities	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	6 746	1 077	822
Community Assets	-	-	-	-	-	6 746	1 077	822
Heritage Assets	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	500	-	-
Libraries	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	-	72 432	68 626	76 357

4.10 Basic Service Delivery

FS182 Tokologo - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service levels	1									
Water:										
Piped water inside dwelling		---	---	---	---	---	---	7 567	7 567	7 567
Piped water inside yard (but not in dwelling)		---	---	---	---	---	---	932	932	932
Using public tap (at least min service level)		---	---	---	---	---	---	199	199	199
Other water supply (at least min service level)		---	---	---	---	---	---	---	---	---
Minimum Service Level and Above sub-total								8 698	8 698	8 698
Using public tap (< min service level)		---	---	---	---	---	---	---	---	---
Other water supply (< min service level)		---	---	---	---	---	---	---	---	---
No water supply		---	---	---	---	---	---	---	---	---
Below Minimum Service Level sub-total								---	---	---
Total number of households	5							8 698	8 698	8 698
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		---	---	---	---	---	---	2 089	2 089	2 089
Flush toilet (with septic tank)		---	---	---	---	---	---	1 170	1 170	1 170
Chemical toilet		---	---	---	---	---	---	---	---	---
Pit toilet (ventilated)		---	---	---	---	---	---	2 716	2 716	2 716
Other toilet provisions (> min service level)		---	---	---	---	---	---	---	---	---
Minimum Service Level and Above sub-total								5 975	5 975	5 975
Bucket toilet		---	---	---	---	---	---	1 571	1 571	1 571
Other toilet provisions (< min service level)		---	---	---	---	---	---	960	960	960
No toilet provisions		---	---	---	---	---	---	192	192	192
Below Minimum Service Level sub-total								2 723	2 723	2 723
Total number of households	5							8 698	8 698	8 698
Energy:										
Electricity (at least min service level)		---	---	---	---	---	---	---	---	---
Electricity - prepaid (min service level)		---	---	---	---	---	---	7 326	7 326	7 326
Minimum Service Level and Above sub-total								7 326	7 326	7 326
Electricity (< min service level)		---	---	---	---	---	---	---	---	---
Electricity - prepaid (< min service level)		---	---	---	---	---	---	---	---	---
Other energy sources		---	---	---	---	---	---	1 372	1 372	1 372
Below Minimum Service Level sub-total								1 372	1 372	1 372
Total number of households	5							8 698	8 698	8 698
Refuse:										
Removed at least once a week		---	---	---	---	---	---	3 924	3 924	3 924
Minimum Service Level and Above sub-total								3 924	3 924	3 924
Removed less frequently than once a week		---	---	---	---	---	---	181	181	181
Using communal refuse dump		---	---	---	---	---	---	199	199	199
Using own refuse dump		---	---	---	---	---	---	3 748	3 748	3 748
Other rubbish disposal		---	---	---	---	---	---	241	241	241
No rubbish disposal		---	---	---	---	---	---	405	405	405
Below Minimum Service Level sub-total								4 774	4 774	4 774
Total number of households	5							8 698	8 698	8 698
Households receiving Free Basic Service	7									
Water (6 kilolitre per household per month)		---	---	---	---	---	---	3 000	3 168	3 349
Sanitation (free minimum level service)		---	---	---	---	---	---	3 000	3 168	3 349
Electricity/other energy (50kwh per household per month)		---	---	---	---	---	---	3 000	3 168	3 349
Refuse (removed at least once a week)		---	---	---	---	---	---	3 000	3 168	3 349
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitre per indigent household per month)		---	---	---	---	---	---	1 581	1 670	1 765
Sanitation (free sanitation service to indigent households)		---	---	---	---	---	---	7 364	7 777	8 220
Electricity/other energy (50kwh per indigent household per month)		---	---	---	---	---	---	1 502	1 586	1 676
Refuse (removed once a week for indigent households)		---	---	---	---	---	---	4 686	4 949	5 231
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)								---	---	---
Total cost of FBS provided								15 134	15 561	16 882
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitre per household per month)										
Sanitation (kilolitre per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		---	---	---	---	---	---	603	637	673
Water (in excess of 6 kilolitre per indigent household per month)		---	---	---	---	---	---	---	---	---
Sanitation (in excess of free sanitation service to indigent households)		---	---	---	---	---	---	---	---	---
Electricity/other energy (in excess of 50 kwh per indigent household per month)		---	---	---	---	---	---	---	---	---
Refuse (in excess of one removal a week for indigent households)		---	---	---	---	---	---	---	---	---
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6							603	637	673

PART 2

1.1 Overview of the annual Budget

Municipal financial Management Act (MFMA) mention six steps that the municipality must follow in order to prepare the annual budget that is credible, the planning and strategizing process started with the preparation of the budget timelines as required by the Act. The council of the municipality approved the budget timelines during council meeting as stipulated in the MFMA.

All department heads were asked to give their inputs in order to allow the budget office to prepare the budget. The budget office of the municipality under the leadership of the Chief Financial Officer prepared the draft budget, which was tabled at the end of May 2017.

The annual budget of the municipality is aligned to the municipality integrated development plan. Section 22 of the MFMA stipulates that the budget must be sent both to the National and Provincial Treasury both in hard and Electronic copy.

MFMA section 23(1) stipulates that after the annual budget of the municipality has been tabled in council the municipality must consider the views of the local community and relevant provincial treasury.

The municipality held the community consultative meetings with regards to the budget on the following dates 17th, 18th and 19th of May 2017.

1.2 Overview of the alignment of annual budget with Integrated development Plan

The budget of the municipality was informed by the IDP as both documents were prepared in tandem, the biggest project in the municipal budget and IDP is the laying of the pipe line from Riverton to Boshof, the entire funding of this project is Regional Bulk.

Another important project included in the IDP is Electrification of house in Dikgalaope and Seretse, this project will be funded by the department of Energy.

1.3 Overview of budget related policies

The budget process is guided by and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide and govern process and inform projection of the medium term. Tokologo Local Municipality has the following budget related policies

- **Credit Control Policy**
This policy provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Tokologo Local Municipality annually revises policy and approved the revised policy together with the annual budget approval.
- **Investment and Cash Management Policy**
Every municipal council is required in terms of Section 13(2) of the Municipal Finance Management Act (MFMA) no 56 of to approve a Cash and Investments Policy for the Council. The primary objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used
- **Budget Policy**
The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipality's priorities in the formulation of the draft and the final budget document. A budget, as per S71 of the MFMA, is subject to monthly control and reporting to Council with recommendations of action to be taken to achieve the budget's goals
- **Tariff Policy**
The purpose of this policy is to ensure that a uniform tariff is applied to the municipal area of jurisdiction. The policy is updated and sent for public comment annually.
- **Indigent Policy**
The criterion for benefits under this scheme is part of the credit control policy. An indigent register is maintained in order administer indigent support. The survey forms to qualify for the indigent support must be completed annually. The Municipality may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy, but subject to principles of sustainability and affordability.
- **Property Rates Policy**
This has been implemented with the Municipal Property Rates Act with effect from 1 July 2007. Policy has to be reviewed annually when the draft budget is submitted.
- **Supply Chain management Policy**
The policy reflects and represents the context of the Municipal Finance Management Act, Act no 56 of 2003

1.4 Overview of Budget Assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI. The following tariffs were increased:

Sewerage 6%,

Refuse 6%,

Water 6%,
Other Revenue 6% and
Electricity 1.88%.

1.5 Overview of Budget Funding

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected and Grants

Tokologo Local Municipality operating budget totals to R89 982 000 and is funded from:

- Grants (Equitable Share, EPWP and FMG)
- Service Charges (Electricity, Water, Sewer and Refuse)
- Other Revenue (Camp Rentals, Clearance certificate, Building Plans, etc.)

The capital budget of the municipality totals R71 930 450 and is funded from:

- Regional Bulk
- MIG
- INEP

The municipality collection rate is standing at 50%

The municipality equitable share is R44 274 000 has increased with R850 000 as compared to last year, the other grants that the municipality is receiving are Financial management grant (FMG) R1 900 000, Extended public works programme (EPWP) R 1 000 000 has decreased as compared to last year, Regional Bulk R45 000 000 and Municipal Infrastructure Grant (MIG) 16 177 000, Total allocation are clearly distinguished in supporting tables SA18.

1.6 Expenditure on allocations and grants Programmes

Total Grants allocated to the municipality is R122 147 000, with operational grants R 47 013 000 and capital R72 930 450,

The equitable share will be spend on the following:

- Salaries 43% (the municipality did not budget for the whole organisational structure, the municipality only budgeted for post that are going to be filled.
- Eskom 31% (The municipality signed a payment plan with Eskom , the municipality will keep up with the current account, and pay extra when receiving the equitable share trenches.

Financial Management Grant will be spend on following:

- 6 Finance Interns Salaries
- MFMP Training for Interns and 2 Officials
- mSCOA Implementation

The following projects have been budgeted under the capital Grant

- Seretse Bulk water
- Seretse/ Dikgalaope Electrification
- Hertzogville/Malebogo Upgrading of the community stadium - phase 1
- Hertzogville/Melebog Construction of 1.34km storm water runoff
- Boshof/Seretse Upgrading of community stadium phase 2
- Dealesville/Tshwaraganang Upgrading of 1.5km paved road and storm water phase 1
- Hertzogville/Malebogo Construction of 1.5km paved roads and storm water phase 1
- Hertzogville/Malebogo: Upgrading of community stadium phase
- Hertzogville/Malebogo: Installation of bulk water meters and 250 water house connections.

1.7 Allocations and grants made by the municipality

Due to financial constraints of the municipality, the municipality is not giving any grants away to institutions or individuals

1.8 Monthly targets for revenue, expenditure and cash flow

Disclosure of the monthly cash flow is on supporting table SA24, SA25, AS26, SA27, SA28, SA29 and SA30.

1.9 Contracts Having Future Budgetary implications

The municipality do not have any contracts over 3 years .

1.10 Capital Expenditure

Disclosed in table A5

The following projects have been budged under capex:

Project Name	Amount
Hertzogville/Malebogo: Upgrading of the community stadium - phase 1 (MIS:220277)	665,231
Hertzogville/Melebogo: Construction of 1.34km storm water runoff (MIS:228298)	2,206,992

Boshof/Seretse: Upgrading of community stadium phase 2 (MIS:245327)	6,081,244
Dealesville/Tshwaraganang: Upgrading of 1.5km paved road and storm water phase 1 (MIS:245314)	600,000
\Hertzogville/Malebogo: Construction of 1.5km paved roads and storm water drainage phase 1 (MIS:249167)	4,505,584
\Hertzogville/Malebogo: Upgrading of community stadium phase 2 (MIS:245412)	-
Hertzogville/Malebogo: Installation of bulk water meters and 250 water house connections (MIS:245348)	1,873,399
Seretse/ Dikgalaope Electrification	11,000,000
Regional bulk water	45,000,000
Total	71 932 450

1.11 Municipal manager's quality certification

I **Kelehile Joseph Motlhale**, municipal manager of **Tokologo Local Municipality**, hereby certify that the 2017/2018 annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: _____

Name of Municipality: _____

Signature: _____

Date: _____


Boshof/Seretse: Upgrading of community stadium phase 2 (MIS:245327)	6,081,244
Dealesville/Tshwaraganang: Upgrading of 1.5km paved road and storm water phase 1 (MIS:245314)	600,000
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Name: THABO D. MATILE

Name of Municipality: TOKOLOGO L. M.

Signature: PP 

Date: 27/06/2017